

The Sir Robert Menzies Memorial Foundation Limited

(A Company Limited by Guarantee) ABN 43 008 543 897

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 25 to 35:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Foundation's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



The Hon Sir Daryl Dawson
Chairman



Kenneth H Spencer
Director

Melbourne
15 March 2004

Independent Audit Report to the Members of
The Sir Robert Menzies Memorial Foundation Limited
(A Company Limited by Guarantee)

Qualification

We have obtained appropriate audit evidence regarding revenue from cash donations and other fundraising activities with respect to revenue recorded in the financial records of The Sir Robert Menzies Memorial Foundation Limited. As it is impracticable to establish control over the collection of revenue from these sources prior to entry into the financial records, our audit procedures are necessarily limited to those amounts recorded in these financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

Qualified Audit opinion

In our opinion, except for the effects of such adjustments, if any, on the financial statements, as might have been determined to be necessary had the limitation referred to in the qualification paragraph not existed, the financial report of The Sir Robert Menzies Memorial Foundation Limited:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of The Sir Robert Menzies Memorial Foundation Limited as at 31 December 2003, and of its performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for The Sir Robert Menzies Memorial Foundation Limited ("the Foundation"), for the year ended 31 December 2003.

The directors of the Foundation are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Foundation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Independent Audit Report to the Members of
The Sir Robert Menzies Memorial Foundation Limited
(A Company Limited by Guarantee) (cont.)

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Foundation's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

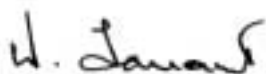
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



PricewaterhouseCoopers

PricewaterhouseCoopers



W L Tarrant
Partner

Melbourne
18 March 2004

Board of Directors

Patron:

His Excellency Major General Michael Jeffery, AC, CVO, MC (Rtd)
Governor-General of the Commonwealth of Australia

BOARD OF DIRECTORS (as at 31st December, 2003)

The Hon Sir Daryl Dawson AC, KBE, CB Chairman

Mr B J Doyle Deputy Chairman & Secretary

Mr K H Spencer, AM Treasurer

Mr P G F Henderson, AC (until 28-11-2003)

Mr C P H Kiefel

Associate Professor D A F Morgan

Ms B G Gibson

Professor S Maddocks

Mr J L McLachlan

Mrs J M Trethewey, OAM

Mr S M Hannaford

Professor R E O'Hehir

Ms E C Menzies

Mr R A Illingworth

THE HON SIR DARYL DAWSON, AC, KBE, CB

LLB(Hons)(Melb), LLM(Yale)

Chairman

Director and Chairman since 1998

Adjunct Professor, Monash University; Professorial
Fellow, University of Melbourne.

QC 1971; Solicitor-General for Victoria, 1974-1982;

Justice of the High Court of Australia, 1982-1997;

Non-permanent Judge, Court of Final Appeal, Hong Kong
1997-2003.

BRIAN J DOYLE

LLB(Tas), BCL(Oxon)

Solicitor

Deputy Chairman

Director and Secretary since 1993

Consultant: Clayton Utz, Melbourne.

KENNETH H SPENCER, AM

FCA

Retired Accountant

Treasurer

Director since 1998

Chairman: GUD Holdings Limited. Director: Australian

Grand Prix Corporation, British American Tobacco

Australasia Ltd, CDK Tectonics Ltd, Pacifica Group Ltd,

Primelife Corporation Limited. Former Partner, KPMG.

Former Chairman: Australian Accounting Standards

Board.

PETER G F HENDERSON, AC (until 28-11-2003)

MA(Oxon)

Retired Commonwealth Public Servant

Director since 1981

Former Secretary, Department of Foreign Affairs
(1979-1984); Former Chancellor of St John Ambulance
Australia (1995-2000).

CHARLES P H KIEFEL

FCA, FAICD, BComm(NSW)

Investment Banker

Director since 1986

Chairman: Military Superannuation and Benefits Board
of Trustees No.1; Wilson HTM Asset Management; Wilson
HTM Capital Management; Wilson HTM Charitable Trust.
Non-Executive Director: Lochard Limited; Pharmaxis
Limited; Universal Biosensors Pty Ltd. Principal and
Director: The Principals Funds Management Limited;
The Principals Commercialisation Fund Limited and
The Principals Cornerstone Fund Limited. Consultancies:
Aracel Technologies; KFT Investments. Former Managing
Director – Corporate Finance, ANZ Investment Bank.

DAVID A F MORGAN

BSc(Med), MB BS, FRACS, FRCS Ed(Orth), FAOA

Associate Professor in Orthopaedic Surgery

Director since 1989

Sir Robert Menzies Memorial Scholar 1985

Director: Queensland Bone Bank. Chairman: Advisory
Panel on Device Tracking to TDEC, Therapeutic Goods

Administration, Commonwealth Department of Health
and Aged Care. President: MedicoLegal Society of

Queensland. Fellow: Australian Orthopaedic Association.

Chairman: Medical Advisory Committee, Brisbane Private
Hospital, Brisbane. Member: Girdlestone Society; Clinical

Advisory Committee for Transplantation Services in
Queensland; Management Committee, National Joint

Registry. Expert Adviser: Medicare Services Advisory
Committee, Commonwealth Department of Health and

Aged Care. Member: Medical Devices Evaluation

Committee (MDEC), Therapeutic Goods Administration,
Commonwealth Department of Health and Aged Care.

Board of Directors

BELINDA G. GIBSON

BEC, LLB(Hons)(Sydney), LLM(Hons)(Cantab)
Solicitor
Director since 1990
Sir Robert Menzies Memorial Scholar 1983
Partner in Charge – Sydney, Mallesons Stephen Jaques.
Director, Air Services Australia; Member, Macquarie
University Graduate School of Management Advisory
Council.

SIMON MADDOCKS

BAGSci(Hons), PhD, MAIAST
Professor of Animal Science, University of Adelaide
Chief Scientist, South Australian Research & Development
Institute
Director since 1993
Sir Robert Menzies Memorial Scholar 1987
Director: Governing Board, Menzies School of Health
Research, Darwin; Co-operative Research Centre for Pest
Animal Control. Member: Society for Reproductive
Biology; Endocrine Society of Australia; Endocrine Society
(UK); Society for Reproduction and Fertility (UK);
Australian Society of Immunology; Society for the Study
of Reproduction (USA); Australian Institute of
Agricultural Science and Technology.

JAMES L McLACHLAN

BSc, LLB(UNSW), LLM(Cantab)
Director since 1995
Sir Robert Menzies Memorial Scholar, 1988
CEO, PBL Enterprises and Group General Counsel,
Publishing and Broadcasting Limited. Council Member:
Sydney Peace Foundation. Director: The Bell Shakespeare
Company; Chairman: Fox Sports; Sky News Australia.
Director: Various PBL Group companies

JEAN M TRETHERWEY, OAM

RFD, FRCNA, FAIM, FAICD
Director since 1996
Chairman: Menzies Centre for Population Health
Research. Director: Royal Automobile Club of Tasmania
Ltd; RACT Insurance Pty Ltd. Vice President:
Tasmanian Cricket Association.

SIMON M HANNAFORD

LLB(Hons)(Adel), BCL(Oxon), GDLP
Barrister & Solicitor
Director since 2002
Sir Robert Menzies Memorial Scholar 1986

Partner, Fisher Jeffries. President: Sir Robert Menzies
Memorial Scholars Association 2002-2003. Chairman:
St Peters Collegians Association. Honorary Secretary:
Oxford University Society of South Australia. Member:
GDLP Course Advisory Committee.

ROBYN E O'HEHIR

BSc, MBBS(Hons), FRACP, PhD, FRCP
Professor of Medicine (Allergy and Clinical Immunology
and Respiratory Medicine) and Honorary Professor of
Pathology and Immunology, Monash University; Director,
Department of Allergy, Immunology and Respiratory
Medicine, The Alfred Hospital, Melbourne
Director since 2002
Sir Robert Menzies Memorial Scholar 1986
Secretary/Treasurer: The Menzies Memorial Scholars
Association 2002-2003. Board Member: Asthma Victoria
and The Harold Mitchell Foundation. Program Director:
Melbourne node of the Co-operative Research Centre for
Asthma, Australia. Member: Australasian Society for
Clinical Immunology and Allergy; Australian Society for
Immunology; Thoracic Society of Australia and New
Zealand; British Society for Allergy and Clinical
Immunology. Associate Editor: International Archives of
Allergy and Immunology. Editorial Board Member:
Clinical and Experimental Allergy. Director: Monash
node Co-operative Research Centre for Asthma.

EDWINA C MENZIES

BA/LLB
Solicitor
Director since 2003
Partner, Deacons. Board Member: Predictive Mineral
Discovery CRC; Canberra Stadium. Member: Law
Society of the ACT.

ROSS A ILLINGWORTH

BBus (HR), MAICD, CFP
Stockbroker
Director since 2003
Stockbroker with Bell Potter Securities Limited.
Non-Executive Director and Member of Audit and
Compliance Committee of Equity Trustees Limited.
Member: Greater Melbourne Foundation and Lord
Mayor's Charitable Fund (Investment Committee);
The Howard Florey Institute (Corporate and
Major Gifts Committee).